

INFORMATION REPORT

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COUNTRY China

DATE DISTR. 8 MAY 50

SUBJECT LU Han and LUNG Yun

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1. LU Han was given US\$ 500,000 by CHIANG Kai-shek to ensure his loyalty to the Nationalist Government. LU sold his tin interests in Yunnan for an additional US\$ 600,000. At about the same time he sold his cotton interests for 300,000 silver dollars. The value of 20 tons of opium which belonged to LU and which he smuggled into Hainan was HK\$ 24,600,000. LU sold this opium, paying some part of the value to the Nationalist generals who helped him get it out of Yunnan. He shipped 40,000 ounces of gold to Indochina by plane. LU has at least US\$ 16,000,000 outside of China.
2. Because he has sold out to the Nationalists twice and then joined the Communists, LU is not acceptable to either Government.
3. When LUNG Yun left Hong Kong to go to Peiping, he ordered his son to sell his large house on Remulse Bay. He is, however, maintaining several of his smaller houses in Hong Kong.

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